

Exhibit 1

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM U-1

APPLICATION UNDER

THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

NorthWestern Corporation
125 S. Dakota Ave.
Sioux Falls, SD 57104

(Name of company filing this statement and address of
principal executive offices)

None

(Name of top registered holding company parent of each applicant or declarant)

Eric R. Jacobsen
Senior Vice President, General Counsel and
Chief Legal Officer
NorthWestern Corporation
125 S. Dakota Ave.
Sioux Falls, SD 57104

(Names and addresses of agents for service)

The Commission is also requested to send copies of any communications
in connection with this matter to:

Charles A. Patrizia, Esq.
Paul, Hastings, Janofsky & Walker, L.L.P.
Tenth Floor
The Warner
1299 Pennsylvania Ave., N.W.
Washington, D.C. 20004-2400
(202) 508-9550

TABLE OF CONTENTS

Item 1.	Description of Proposed Transaction
Item 2.	Fees, Commissions and Expenses
Item 3.	Applicable Statutory Provisions
Item 4.	Regulatory Approval
Item 5.	Procedure
Item 6.	Exhibits and Financial Statements
Item 7.	Information as to Environmental Effects

ITEM 1. DESCRIPTION OF PROPOSED TRANSACTION

A. Introduction

NorthWestern Corporation ("NorthWestern"), a diversified energy and communications services provider, seeks an exemption under Section 3(a)(3) of the Public Utility Holding Company Act of 1935 (the "1935 Act" or "Act") in connection with its acquisition (the "Transaction") of the remaining electric and gas utility operations and certain related businesses (together, the "MPC Utility Operations") of The Montana Power Company.

NorthWestern anticipates that it will rely on the exemption for a period of not more than eighteen (18) months. During this time it would complete such corporate restructuring as would be required for NorthWestern to cease to be a holding company within the meaning of the Act.

The interim exemption is necessary because, as explained more fully below, the Transaction as currently intended will proceed in two steps: NorthWestern will initially acquire the membership interests of a limited liability company ("Montana Power LLC" or the "LLC") that holds the MPC Utility Operations. Thereafter, upon receipt of further regulatory approvals and such consents as may be required, NorthWestern intends to directly acquire the transmission and distribution assets constituting the Utility Operations held by the limited liability company, while it explores various options for addressing the issues and risks associated with a small hydroelectric facility (the 3 MW Milltown Dam) that is an active Superfund site.

It is anticipated that no more than eighteen months will be required to complete the second step of the Transaction at which time NorthWestern will cease to be a holding company within the meaning of the Act.

B. NorthWestern Corporation

NorthWestern is an energy and communications company, headquartered in Sioux Falls, South Dakota. NorthWestern's business sectors include: energy transmission and distribution; communications and data operations; propane; heating, cooling, plumbing and related services.

Revenues from utility operations comprise only a small part of NorthWestern total revenues. For example, electric revenues were approximately \$106.8 million, \$86.6 million and \$83.9 million in 2001, 2000 and 1999, respectively, representing approximately 1.2%, 1.3% and 2.8%, respectively, of total consolidated revenues. Similarly, gas revenues totaled approximately \$142.8 million, \$94.7 million and \$59.3 million in 2001, 2000 and 1999, respectively, representing approximately 2.5%, 3.3% and 2.0%, respectively, of total consolidated revenues. The decline in recent years in relative contribution of electric utility revenues and the stable contribution of gas revenues reflects both the relatively flat growth in the utility service territories, especially in light of mild weather, and the company's pursuit of significant growth opportunities in its nonutility businesses.